

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: March 15, 2016

To: The Commission
(Meeting of March 17, 2016)

From: Hazel Miranda, Director
Office of Governmental Affairs (OGA) – Sacramento

Subject: **SB 1222 (Hertzberg) –Public Utilities Commission: reports**
As introduced: February 18, 2016

RECOMMENDED POSITION: SUPPORT AS SPONSOR

SUMMARY OF BILL

This bill would change the date by which the Commission must submit specified reports, change the contents of specified reports, and repeal the provisions requiring the Commission to submit specified reports. Specifically, this bill:

- Modifies the reporting deadline for reports in compliance with Pub. Util. Code Section 910.4 (Annual Reports on Trusts) from January 10 of each year, to February 1 of each year.
- Modifies the reporting deadline for reports in compliance with Pub. Util. Code Section 913.2 (Report on Recommendations for a Smart Grid) from January 1 of each year, to February 1 of each year.
- Modifies Pub. Util. Code Section 913.4 (The Padilla Report on the Cost of Renewable Portfolio Standard [RPS] Eligible Procurement) to require the Commission to report on electrical corporation revenue requirement increases associated with meeting the renewables portfolio standard mandates, and cost savings experienced by electrical corporations as a result of meeting the renewables portfolio standard.
- Modifies the due date for Pub. Util. Code Section 913.5 (RPS Quarterly Reports) reports from on or before the first day of each quarter to no later than November 1 of each year.
- Modifies the reporting requirements of Pub. Util. Code Section 913.5 (RPS Quarterly Reports) to include the projected ability of each electrical corporation to meet the renewables portfolio standard procurement requirements, and any barriers to achieve the renewables portfolio standard mandates.
- Modifies the reporting deadline for reports in compliance with Pub. Util. Code Section 913.10 (Impacts of Distributed Energy Generation on the California Grid) from January 1 of each year, to February 1 of each year.

- Repeals the requirement for the Commission to assess the impacts of the net energy metering pilot program authorized by Section 2827.9 from Pub. Util. Code Section 913.10 (Impacts of Distributed Energy Generation on the California Grid).
- Modifies the reporting deadline for reports in compliance with Pub. Util. Code Section 914.3 (Report on the Number of Households that Subscribe to Broadband) from July 1 of each year, to December 31 of each year.
- Modifies the reporting deadline for reports in compliance with Pub. Util. Code Section 914.7 (Report on California Advanced Services Fund) from January 1 of each year, to April 1 of each year.
- Repeals Pub. Util. Code Sections 910.6 (Report on the Submission of Informal Complaints to the Commission), 913.3 (Report on Electrical Corporation Costs Increases and Savings Associated the RPS Program), 913.6 (Biennial Report on the Progress of the RPS Program), 913.8 (Triennial Report on Energy Efficiency and Conservation Programs), 913.9 (Report on Ratepayer-Funded Energy Efficiency Programs), 913.11 (Report on Electricity to Power and Natural Gas to Fuel Low-Emission Vehicles), and 913.13 (Report on Implementation of Section 785, i.e., Increased Gas Production in California) entirety.

CURRENT LAW

- Requires reports in compliance with Pub. Util. Code Sections 913.2 (Report on Recommendations for a Smart Grid), 913.10 (Impacts of Distributed Energy Generation on the California Grid), and 914.7 (Report on California Advanced Services Fund) to be issued to the Legislature on January 1, annually.
- Requires reports in compliance with Pub. Util. Code Section 910.4 (CPUC Annual Reports on Trusts) to be issued to the Legislature on January 10, annually.
- Requires reports in compliance with Pub. Util. Code Sections 910.6 (Report on the Submission of Informal Complaints to the Commission) and 914.3 (Report on the Number of Households that Subscribe to Broadband) to be issued to the Legislature on July 1, annually.
- Requires reports in compliance with Pub. Util. Code Sections 913.3 (Report on Electrical Corporation Costs Increases and Savings Associated the RPS Program) and 913.4 (The Padilla Report on the Cost of RPS Eligible Procurement) to be issued to the Legislature on May 1, annually.
- Requires reports in compliance with Pub. Util. Code Section 913.6 (Biennial Report on the Progress of the RPS Program) to be issued to the Legislature on January 1 of every even-numbered year.
- Requires reports in compliance with Pub. Util. Code Section 913.8 (Triennial Report on Energy Efficiency and Conservation Programs) to be issued to the Legislature on July 15, triennially beginning in 2009.
- Requires reports in compliance with Pub. Util. Code Section 913.9 (Report on Ratepayer-Funded Energy Efficiency Programs) to be issued to the Legislature with reports in compliance with Pub. Util. Code Section 913 annually on April 1.
- Requires reports in compliance with Pub. Util. Code Section 913.13 (Report on Implementation of Section 785, i.e., Increased Gas Production in California) to be issued to the Legislature annually (no date specified).

- Requires reports in compliance with Pub. Util. Code Section 913.11 (Report on Electricity to Power and Natural Gas to Fuel Low-Emission Vehicles) to be issued to the Legislature on January 30, annually.

AUTHOR'S PURPOSE

Many reports that are required under the existing Pub. Util. Code contain duplicative and obsolete reporting requirements, and multiple reporting deadlines on January 1. This bill creates a more effective reporting process by modifying the Pub. Util. Code to remove duplicative and outdated reporting requirements and by modifying the due dates of reports so as to stagger the due dates.

Duplicative, overlapping, and outdated reporting requirements create a burden for Energy Division and the IOUs that provide data to Energy Division and the IOUs due to the lack of staff availability during the holiday season. In addition, the numerous legislative reports with January 1 due dates conflict with competing Commission workload that increases near the end of the calendar year.

Consequently, this bill consolidates a number of annual reports that Energy Division is required to produce, removes outdated and/or duplicative reporting requirements, and moves the due dates of some reports from January 1 to February 1 to minimize the administrative burden at the end of the calendar year.

As the agency responsible for preparing all of the reports that are affected by this bill, the Commission is the appropriate entity to address the effectiveness of this bill. Additionally, modifying these reporting deadlines can only be achieved by amending sections of the existing Pub. Util. Code. Consequently, legislation is necessary to address these issues.

DIVISION ANALYSIS (Energy Division)

This bill will eliminate seven Energy Division reports that are submitted to the legislature on an annual, biennial and/or triennial basis. Additionally, the bill will change the report due dates for six Energy Division reports. Aside from eliminating and/or moving specific Energy Division reports, this bill will not impact any Commission programs, practices and/or policies.

Pub. Util. 910.4

The Consumer Affairs Branch (CAB) supports the language in SB 1222 that moves the reporting deadline of the Pub. Util. Code Section 910.4 report to February 1, annually. The current report deadline of January 1, annually, is difficult to meet because of competing Commission workload that increases near the end of the calendar year.

Pub. Util. 910.6

The intention of the reporting requirements of Pub. Util. Code Section 910.6 was for the CAB to report on the progress of implementing a system to receive "e-complaints." At this point, the CAB has fully implemented an online system to receive e-complaint filings, and the addressing any e-complaints received has become a core part of CAB's

business. Consequently, the CAB believes that there is no merit in writing a report about the progress of implementing that has been fully implemented. The CAB supports the language in SB 1222 that repeals this reporting requirement.

Pub. Util. 913.2

Energy Division supports the language in SB 1222 that moves the reporting deadline of the Pub. Util. Code Section 913.2 report to February 1, annually. The current report deadline of January 1, annually, is difficult to meet because of competing Commission workload that increases near the end of the calendar year.

Pub. Util. 913.3

Many of the reporting requirements of section 913.3 are outdated and should be repealed. Energy Division staff supports the language in SB 1222 that repeals the reporting requirements of 913.3. Additionally, Energy Division supports the language in SB 1222 that incorporates the relevant reporting requirements of 913.3(a)(1) into the revised reporting requirements of Pub. Util. Code Section 913.4.

Pub. Util. 913.4

As stated above, Energy Division supports the language in SB 1222 that incorporates the relevant reporting requirements of 913.3(a)(1) into the reporting requirements of Pub. Util. Code Section 913.4.

Energy Division staff recommend removing the proposed section 913.4(b). The revised Pub. Util. Code Section 913.4(c) requires Energy Division to report on “All cost savings experienced, or costs avoided, by electrical corporations as a result of meeting the renewables portfolio standard.” Unfortunately, the large IOUs do not have a methodology for measuring the “costs avoided” as they related to the RPS program. Having said that, in order to comply with the statutory requirement of 913.3, Energy Division has been comparing the prices of actual RPS to the market price referent (MPR), i.e., the hypothetical cost to build a new natural gas facility in California. However, the Commission has moved away from using the MPR and does not even reference the MPR for price/cost comparisons in any active proceeding. In fact, the Commission has not used the MPR since 2011 and the MPR figures have not been updated in almost 5 years. Consequently, Energy Division would recommend removing Pub. Util. Code section 913.4(b) from SB 1222, if possible.

Pub. Util. 913.5

Energy Division supports the language in SB 1222 that modifies the reporting requirements for the 913.5 report from a quarterly report that is due on the first day of every quarter, to an annual report due on November 1, annually. Additionally, Energy Division supports moving relevant reporting requirements of 913.6 into the reporting requirements of Pub. Util. Code Section 913.5.

Originally, the reports directed under Pub. Util. Code Section 913.5 were meant to provide quarterly updates on the status of RPS program and retail seller RPS procurement. These reports provided the legislature with invaluable information on the

development of the RPS market during the infancy of the RPS program. Now that the RPS program has been active for over a decade, the RPS market has matured significantly and retail sellers are highly sophisticated and strategic about their RPS procurement. Additionally, the large IOUs are on track to meeting or exceeding the 33% by 2020 mandate.

Consequently, there is no need to provide the legislature a report every quarter. Changing the reporting requirement to once a year (on November 1) allows Energy Division staff to report to the legislature on the progress of the RPS program while reducing the administrative burden on Energy Division.

Pub. Util. 913.6

Energy Division supports the language in SB 1222 that eliminates Pub. Util. Code Section 913.6. The information that is reported in Pub. Util. Code Section 913.6 is duplicative with the information that Energy Division reports in Pub. Util. Code Section 913.5 and Pub. Util. Code Section 913.4.

Pub. Util. 913.8

Energy Division supports the language in SB 1222 that repeals Pub. Util. Code Section 913.8. The California Energy Commission (CEC) is the overarching energy agency that oversees the implementation of various efficiency initiatives and, consequently, the CEC should be responsible for identifying similar programs. Additionally, requiring this information be provided annually is overly burdensome and unlikely to produce beneficial, actionable information. Specifically, an annual report is inconsistent with the timeline for existing reporting requirements and inconsistent with the timeline for reviewing, and modifying programs.

Pub. Util. 913.10

Energy Division supports the language in SB 1222 that moves the reporting deadline of the Pub. Util. Code Section 913.10 report to February 1, annually. The current report deadline of January 1, annually, is difficult to meet because of competing Commission workload that increases near the end of the calendar year.

Pub. Util. 913.11

Energy Division supports the language in SB 1222 that repeals the reporting requirement for Pub. Util. Code Section 913.11. Senate Bill 350 (2015) calls for widespread transportation electrification to achieve long term greenhouse gas (GHG) reductions. The bill has revised the definition of “transportation electrification” to include vessels, trains, boats and other equipment in addition to vehicles. Further, SB 350 requires the CPUC to establish a publicly available tracking system to provide up-to-date information on progress towards meeting the bills clean energy goals. Information on progress towards transportation electrification goals will be included in the public tracking system. Therefore, this report is duplicative and unnecessary.

Pub. Util. 913.13

Energy Division supports the language in SB 1222 that repeals the reporting requirement for Pub. Util. Code Section 913.13. The Pub. Util. Code 913.13 reporting requirement was mandated in the in the 1980s when the price of gas was beginning to move away from being regulated, to being determined by market forces. Additionally, California gas was still being purchased under long-term supply contracts with specific pricing terms. When the report was mandated there were serious concerns that California-produced gas might not be competitive in an open market, however, as the market evolved those concerns proved unfounded as California produced gas continued to be produced and sold at market prices. Consequently, there is no need for the Energy Division to continue reporting on the implementation of Pub. Util. Code Section 785.

Pub. Util. 914.3

Communications Division supports the language in SB 1222 that moves the reporting deadline of the Pub. Util. Code Section 914.3 report from July 1 to December 31, annually. The current deadline of July 1, annually, is difficult to meet since not all of the information that is needed to author this report is available on or before the existing July 1 due date.

Pub. Util. 914.7

Communications Division supports the language in SB 1222 that moves the reporting deadline of the Pub. Util. Code Section 914.7 report from January 1 to April 1, annually. The current deadline of January 1, annually, is difficult to meet since not all of the information that is needed to author this report is available on or before the existing January 1 due date.

SAFETY IMPACT

This bill has no impact on the safety of Californians.

RELIABILITY IMPACT

This bill has no impact on the reliability of service provided to Californians.

RATEPAYER IMPACT

This bill has no impact on any rates paid by Californians.

FISCAL IMPACT

This report bill will not require any additional staff for the Commission or any increased funding of any type.

ECONOMIC IMPACT

This bill would have no economic effect on businesses or the regulated community, including any facet of local government.

LEGAL IMPACT

This bill does not have any legal impact, except for the changes in the reporting requirements noted above, and does not require any constitutional interpretation of the bill.

LEGISLATIVE HISTORY

SB 697 (Hertzberg, 2015) consolidated all recurring Commission legislative reports into a single Article of the Public Utilities Code.

PROGRAM BACKGROUND

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities. The California Constitution grants the commission certain general powers over all public utilities, subject to control by the Legislature, and authorizes the Legislature to confer additional authority and jurisdiction upon the commission that is cognate and germane to the regulation of public utilities. Existing law requires the commission to submit various reports to the Legislature, legislative committees, and the Governor, as specified.

This bill will eliminate seven Energy Division reports that are submitted to the legislature on an annual, biennial and/or triennial basis. Additionally, the bill will change the report due dates for six Energy Division reports. Aside from eliminating and/or moving specific Energy Division reports, this bill will not impact any Commission programs, practices and/or policies.

OTHER STATES' INFORMATION

The reporting processes of other states or federal government entities, e.g., FERC or FCC, and/or the history of reporting practices is not relevant in the context of this bill.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION

This bill should be approved for the following reason(s):

- (1) Reduces the administrative burden on Energy Division.
- (2) Allows Energy Division staff to provide more meaningful reports to the California legislature.

SUMMARY OF SUGGESTED AMENDMENTS

None at this time.

SUPPORT/OPPOSITION

None on file

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BILL LANGUAGE:

SB 1222 (Hertzberg), as introduced February 18, 2016, Public Utilities Commission:
reports

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB1222